oint Stock banks would be weakened, though he oes not explain why, since they would obviously old notes in place of their gold and so would be able D meet their customers' demands, now that the itter are accustomed to the use of notes for pocket itoney. He points out that " the gold which was eld by the Joint Stock banks before the war proved lost useful. . . . At the beginning of the war the anks paid out gold, satisfied the demands of their ustomers for small currency, and thus eased the iuation until currency notes became available/'

Ee seems to have forgotten that the banks, or most f them, refused to part with their gold, paid their ustomers in Bank of England notes which, being 3r if£5 at the smallest, were of little use for pocket icney, and so drove them to the Bank to get gold; nd we had to have a prolonged bank holiday and moratorium. Sir Edward is in favour of three old reserves, one to be held by the Government, ne by the clearing banks, and one by the Bank of England. If there were differences between the three ontrollers of the reserve at a time of crisis the onsequence might be 'disastrous.

In view of the admiration expressed by Sir Edward for the new American system which is so learly based on central control it is rather illogical hat he should be so strongly in favour of independence n this side of the water. His opinion is

that " the >olicy of the Joint Stock banks ought to be to make hemselves independent of the Bank of England by laintaining large reserves in their vaults/' Inde- ^endence ancl individualism are a great source of